

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	
v.	)	
	)	Violations: Title 18, United States Code,
GARY GOLDMAN	)	Sections 201, 1341, 1346, and 2

**COUNT ONE**

The SPECIAL AUGUST 2006-1 GRAND JURY charges:

1. At times material to this count:

a. Lawson Products, Inc. (“Lawson”) was a publicly traded company located in Des Plaines, Illinois, that sold products to various entities in the public and private sectors. Lawson’s products included hardware, tools, and chemicals. Lawson was the parent company of several subsidiaries. Lawson and its subsidiaries combined to generate approximately \$400 million in sales annually.

b. Drummond American Corporation (“Drummond American”), which was a subsidiary of Lawson, was located in Vernon Hills, Illinois, and sold chemical solutions to the public and private sectors.

c. Lawson sold its products through sales agents. These sales agents generally were permitted by Lawson to negotiate with their customers over the prices their customers would pay for Lawson’s products. As a general rule, sales agents’ commissions were greater if they sold products at higher prices.

d. Until approximately December 15, 2005, Lawson maintained programs through which sales agents would provide items of value to employees of Lawson customers for

purchasing Lawson products. As a general rule, sales agent could provide items of greater value to customers' employees when those employees purchased more products and at higher prices on behalf of their employers.

e. Keogh, Inc. ("Keogh") was a business located in Lake Bluff and Woodstock, Illinois, that administered a program for Lawson called "Winners Choice." Under this program, Keogh issued checks made payable to the recipients and to retail stores designated by the recipients. Recipients could then use these checks to purchase items in the designated retail stores. There were several steps that occurred before Keogh would issue these checks:

- i. Cold Certificates. The first step was for sales agents to place orders for "cold certificates" from Lawson, which would then inform Keogh of the orders. The sales agents would designate the recipient, the mailing address, the number of cold certificates, and the denomination of the cold certificates. Although the cold certificates were limited to \$10 or \$25 increments, sales agents could order multiple cold certificates totaling far in excess of \$25 to be sent to a recipient.
- ii. Redemption of Cold Certificates. Next, Keogh would ship, via mail or courier, the cold certificates to the recipient at the designated address. Along with the cold certificates, Keogh sent a list of retail stores participating in the Winners Choice program. To redeem the cold certificates, the recipient would fill out an order form by selecting a retail store and the address where Keogh should send the check. The recipient then sent the order form back to Keogh through the mail or online.
- iii. Hot Certificates. Once the recipient had redeemed the cold certificates, Keogh mailed one or more checks, also known as "hot certificates," to the recipient. While each check was written for \$50 or less, Keogh would mail multiple checks in one envelope if the total redemption of cold certificates exceeded \$50. The checks issued by Keogh would list two payees: (1) the individual recipient and (2) the retail store designated by the individual recipient. After receiving the hot certificate or certificates, the individual recipient could use the check at the designated retail store.

f. Defendant **GARY GOLDMAN** was a sales agent with Drummond American and was responsible for selling products to Drummond American customers located in the Chicago area.

g. The General Services Administration (“GSA”) was a federal agency with responsibilities that included providing management for buildings owned and used by the United States government.

h. Individual A was a public official employed as a purchaser with GSA in the Dirksen Federal Building at 219 South Dearborn Street in Chicago, Illinois. In that capacity, Individual A was responsible for purchasing supplies to be used in the Dirksen Federal Building. Based on his/her position, Individual A owed a duty of honest services to GSA, including a duty of undivided loyalty, free of conflict between his personal interests and the public interests of GSA.

i. James Kramer was a public official employed as a supervisor with GSA in the Dirksen Federal Building at 219 South Dearborn Street in Chicago, Illinois. In that capacity, Kramer was responsible for purchasing supplies and approving the purchase of supplies to be used in the Dirksen Federal Building. Based on his position, Kramer owed a duty of honest services to GSA, including a duty of undivided loyalty, free from conflict between his personal interests and the public interest of GSA. Unbeknownst to defendant **GOLDMAN**, after about October 2001, Kramer was cooperating with law enforcement.

j. As employees of the GSA, Individual A and Kramer were bound by certain provisions of the United States Code of Federal Regulations (hereinafter “C.F.R.”), including provisions related to Standards of Ethical Conduct for Employees of the Executive Branch. Specifically, they were bound by, among others, 5 C.F.R. §2635.202(a), which provided, in relevant

part, that “an employee shall not, directly or indirectly, solicit or accept a gift . . . from a prohibited source . . . or . . . [g]iven because of the employee’s official position.” The term “gift,” as used in that subsection, was defined at 5 C.F.R. §2635.203(b) to include, in relevant part, “any gratuity . . . or other item having monetary value.” The term “prohibited source,” as used in 5 C.F.R. §2635.202(a), was defined at 5 C.F.R. §2635.203(d) to include, in relevant part, “any person who . . . [i]s seeking official action by the employee’s agency . . . [or d]oes business or seeks to do business with the employee’s agency.”

2. From no later than in or about December 1999 until at least in or about November 2002, at Chicago, in the Northern District of Illinois, Eastern Division and elsewhere,

**GARY GOLDMAN,**

defendant herein, together with Individual A, and others known and unknown to the Grand Jury, devised and intended to devise, and participated in, a scheme and artifice to defraud GSA of money, property, and the intangible right to the honest services of GSA employees, and to obtain money and property, by means of materially false and fraudulent pretenses, representations, and promises, as further alleged herein.

3. It was part of the scheme that **GOLDMAN** offered and agreed to provide Individual A and Kramer with Winners Choice checks in order to induce them to purchase, and to reward them for purchasing, merchandise such as chemical solutions from Drummond American on behalf of GSA.

4. It was further part of the scheme that after Individual A and Kramer purchased merchandise from Drummond American, **GOLDMAN** ordered Winners Choice cold certificates for Individual A and Kramer from Keogh through Lawson.

5. It was further part of the scheme that **GOLDMAN** caused Keogh to mail Winners Choice cold certificates to the home addresses of Individual A and Kramer to conceal from their employers the fact that **GOLDMAN** had provided items of value to Individual A and Kramer.

6. It was further part of the scheme that Individual A redeemed the Winners Choice cold certificates and caused Keogh to mail checks back to them.

7. It was further part of the scheme that Individual A used the Winners Choice checks to purchase items for his/her own use.

8. It was further part of the scheme that **GOLDMAN** agreed to provide Kramer with \$5,000 cash if Kramer purchased approximately \$60,000 worth of paint from Drummond American through **GOLDMAN** on behalf of GSA.

9. It was further part of the scheme that **GOLDMAN** provided other things of value to Kramer, including a golf club, to induce him to purchase, and to reward him for purchasing, chemical solutions from Drummond American on behalf of GSA.

10. It was further part of the scheme that **GOLDMAN** and Individual A misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the aforementioned scheme.

11. On or about November 15, 2002, at Chicago, in the Northern District of Illinois, Eastern Division,

**GARY GOLDMAN,**

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be delivered by the United States Postal Service, according to the directions

thereon, an envelope to Individual A containing \$200 worth of Winners Choice certificates, addressed to Individual A's home address in Chicago, Illinois.

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

**COUNT TWO**

The SPECIAL AUGUST 2006-1 GRAND JURY charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.
2. On or about March 15, 2002, at Chicago, in the Northern District of Illinois, Eastern Division,

**GARY GOLDMAN,**

defendant herein, directly and indirectly, corruptly offered and promised \$5,000 cash to James Kramer, who was then a GSA supervisor, with the intent to influence him in an official act, namely, the awarding of a GSA paint contract to Drummond American Corporation;

In violation of Title 18, United States Code, Section 201(b)(1)(A).

**COUNT THREE**

The SPECIAL AUGUST 2006-1 GRAND JURY charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated as if fully set forth herein.
2. On or about March 15, 2002, at Chicago, in the Northern District of Illinois, Eastern Division,

**GARY GOLDMAN,**

defendant herein, directly and indirectly, corruptly gave, offered, and promised \$100 in Winners Choice certificates to James Kramer, who was then a GSA supervisor, with the intent to influence him in an official act, namely, the awarding of a GSA paint contract to Drummond American Corporation;

In violation of Title 18, United States Code, Section 201(b)(1)(A).

A TRUE BILL:

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FOREPERSON

\_\_\_\_\_  
UNITED STATES ATTORNEY